

Bulletin:

Netherlands-Based Cooperatieve Rabobank's Ratings Unchanged By Plans To Issue €1.5 Billion Of Perpetual Certificates

Primary Credit Analyst:

Nicolas Hardy, Paris (33) 1-4420-7318; nicolas.hardy@spglobal.com

Secondary Contact:

Alexandre Birry, London (44) 20-7176-7108; alexandre.birry@spglobal.com

PARIS (S&P Global Ratings) Jan. 18, 2017--S&P Global Ratings said today that its issuer credit ratings and outlook on Cooperatieve Rabobank U.A.

(A+/Stable/A-1) are unchanged by the bank's announced plans to issue new Rabobank Certificates for a total nominal amount of €1.5 billion on Jan. 24, 2017. Rabobank Certificates are perpetual instruments that qualify as Common Equity Tier 1 (CET1) capital. The certificates also qualify for inclusion in S&P Global Ratings' measure of core capital, under our risk-adjusted capital (RAC) framework.

Rabobank is engaged in a medium-term strategy with a particular focus on strengthening regulatory capital ratios through active balance-sheet management, earnings improvement, and the continued issuance of instruments qualifying as Tier 1 or Tier 2 regulatory capital.

We believe that Rabobank already enjoys a strong capital position, factoring in our expectation that Rabobank will continue to implement this strategy in anticipation of regulatory changes, including a potential revision of Basel risk-weights. Our RAC ratio for the bank stood at 8.8% at year-end 2015, and we believe that it will strengthen over the coming 18-24 months, sustainably exceeding 10%, and likely continue to improve beyond our forecast horizon.

We understand that Rabobank aims at maintaining a CET1 ratio of at least 14% and a total capital ratio of at least 25% by 2020 under the potential regulatory change. These ratios stood at 13.4% and 23.5%, respectively, as of June 30, 2016. The perpetual certificates to be issued later this month will contribute to the replacement of Additional Tier 1 instruments that do not meet Capital Requirements Directive IV standards. In the meantime, Rabobank has indicated that, as a result of the certificates offering, it has adjusted downward its target Additional Tier 1 layer to roughly 2.0% from 3.5% of its risk-weighted assets.

Rabobank Certificates are listed on Euronext Amsterdam and offered to both retail and institutional investors. Rabobank indicated that after the issuance, there will be a total nominal amount of approximately €7.4 billion in Rabobank Certificates outstanding.

RELATED RESEARCH

- Cooperatieve Rabobank U.A., Dec. 28, 2016
- Netherlands-Based Cooperatieve Rabobank Affirmed At 'A+/A-1' On Balance Sheet Optimization; Outlook Stable, Nov. 10, 2016

Only a rating committee may determine a rating action and this report does not constitute a rating action.

Additional Contact:

Financial Institutions Ratings Europe; FIG_Europe@spglobal.com

Copyright © 2017 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.